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STATE FOR NEA/ELA

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SUBJECT: EGYPT'S ECONOMY: JUNE 29 PRESS ROUND-UP

1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

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Egypt, Russia Agree to Expand Economic Ties  
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12. (U) As part of an Egypt-Russia strategic pact agreed upon last week with Russian President Dmitry Medvedev, Egyptian President Hosni Mubarak voiced support for boosting commercial ties and bilateral trade between the two countries. Egypt is already Russia's largest trading partner in Africa, with bilateral trade reaching US\$4.1 billion in 2008. The Egyptian Minister of Trade and Industry, Rachid Mohamed Rachid, stated that Egypt is also interested in benefiting from Russian engineering expertise and expanding cooperation in the renewable energy, water, agricultural, and construction sectors. (CI-Capital, 6/24/2009)

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Egypt Bolsters Wheat Import Controls  
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13. (U) Minister of Trade and Industry Rachid announced new import control measures aimed at improving inspection and quality control of imported wheat. The measures include doubling the financial sureties deposited by international cargo inspection firms and imposing penalties on those firms if they fail to ensure adherence to Egyptian wheat standards. Penalized firms would stand to lose the deposited surety and be barred from doing business with Egypt's wheat-buying authority, the General Authority for Supply Commodities (GASC). However, the usual process of tendering for wheat by the GASC would continue unchanged, Rachid said. Incoming wheat shipments, especially from Russia, have recently been found to include impurities and insects, which prompted the Government of Egypt (GOE) to return the wheat and to tighten regulations. (Ahram, 6/24/2009)

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Cairo Signs LE3.3 Billion in New Metro Line Contracts  
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14. (U) The GOE finalized contracts worth a reported LE3.3 billion (US\$589 million) with three consortia of French and Egyptian companies to construct the second phase of a new metro line for Greater Cairo. Minister of Transportation Mohamed Mansour said that the construction on the second phase is expected to begin July 1. When completed in 2013, the new line, Cairo's third, will stretch 33km and cover 29 stations from Heliopolis and Cairo International Airport in northeast Cairo to the Mohandiseen and Imbaba neighborhoods in the northwest part of the city. (All Newspapers, 6/21/2009)

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